Statement

Relaxation on Fiscal Deficit Ceiling

Sl. No.	State	Request made by the State regarding relaxation in fiscal deficit ceiling during the pre-Budget consultations with the Union Finance Minister
1	Himachal Pradesh	Fiscal Responsibility and Budget Management (FRBM) target of 3.5% fiscal deficit is unrealistic due to the impact of 6th Central Pay Commission recommendations and this is hampering the investment in Power, Agriculture sectors etc. FRBM Act needs to be amended accordingly.
2	Rajasthan	Additional market borrowings required to implement flag-ship programmes. Larger borrowing limits for the States to be considered. Similarly limit for fiscal deficit should also be increased.
3	West Bengal	The entire structure of FRBM Act to be reviewed by an Expert Group.
4	Bihar	FRBM targets should not be made operational for this year. Fiscal deficit target to be allowed further relaxation and kept at 5% GSDP.
5	Andhra Pradesh	Higher fiscal deficit target for 2009-10 would help to go for Capital Expenditure to give additional stimulus to the economy.
6	Gujarat	FRBM Act targets cannot be achieved. Therefore policy statement in this regard should be made.
7	Jammu & Kashmir	It is not possible to comply with the parameters laid down in the FRBM Act. Expert Group needs to be appointed for a review there of Fiscal deficit to be borne by the Centre fully.
8	Karnataka	FRBM Act needs to be revised to facilitate increase borrowings by States.
9	Kerala	FRBM policy needs review with the States given necessary freedom.
10	Madhya Pradesh	FRBM – Loans GSDP of 3.5% be increased to 5%.
11	Punjab	FRBM Act needs to be reviewed on an annual basis.
12	Uttar Pradesh	FRBM Act is not favourable to States and needs review.
13	Manipur	Increase in FRBM limits proposed.

Rise in allotment of preferential shares

2627. SHRI SANTOSH BAGRODIA:
SHRI O.T. LEPCHA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the increasing numbers of promoters are seeking to allot themselves preferential shares in wake of recent rise in stock market;

(b) whether such steps are permissible as per the corporate governance norms;

(c) whether the permission of the Securities and Exchange Board of India (SEBI) is required in such cases; and

(d) what steps are being taken by the SEBI to make such companies complaint with the corporate governance norms in this respect?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) There is no significant change in the proportion of companies seeking to allot shares to promoters on a preferential basis.

(b) to (d) No permission from SEBI is required by listed companies for making preferential issues. However, preferential allotment to promoters should not bring the public shareholding below the minimum level specified in the Equity Listing Agreement. Further, a company making preferential issue complies with the SEBI guidelines with respect to pricing, lock-in of shares, disclosures in the notice sent to shareholders, changes in shareholding pattern, objects of the issue among others. Preferential allotments are also governed by section 81 (1A) of the Companies Act in terms of which, *inter alia*, a special resolution of the shareholders at a general meeting is required for such issues.

National Investment Fund

2628. SHRI K.E. ISMAIL:
SHRI R.C. SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether the National Investment Fund (NIF) was set up to keep the sale proceeds of Government equity shares in public sector units and is mandated to finance infrastructure;

(b) if so, when it was set up and the money accumulated in the Fund so far;

(c) the purpose for which this Fund has been used and what is the balance amount;

(d) whether it is a fact that Government is considering a proposal to dissolve NIF; and

(e) if so, the reasons therefore?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Government has constituted a "National Investment Fund" (NIF) in November, 2005, into which the proceeds from disinvestment of equity in PSUs would be channelised. The corpus of NIF will be of a permanent nature. NIF will be professionally managed to provide sustainable returns to the Government without depleting the corpus. Selected Public Sector Mutual Funds, namely UTI Asset Management Company Private Limited, SBI Funds Management Private Limited and LIC